

MEETING OF THE Rail Service Competition Council

January 19, 2006 9:00 AM.

Old Supreme Court Chamber

Montana State Capitol

COUNCIL MEMBERS PRESENT: Michael O'Hara – Chair, Carla Allen – Vice Chair, Dan Bucks, Doug Miller, Evan Barrett, Jim Lynch, Ken Hansen, Larry Bonderud, Nancy Peterson, Tom McGillvray, and Bill Fogarty

COUNCIL MEMBERS ABSENT: Russell Hobbs

GUESTS PRESENT: Dick Turner, G Schlaeger, PL Schlaeger, Spook Stang, Richard Owen, Mark Blazer, Steve Sheldon, Greg DeWitt, Errol Rice, Bob Stevens

1.0 Chairman O'Hara called meeting to order at 9:15

2.0 Budget – A copy of the councils draft budget was given to each member for review.

Discussion focused on meeting locations, per diem, and money set aside for consultants.

After brief discussion a vote was taken and passed to allow each individual on the council that is eligible for the per diem to choose at each meeting whether they want reimbursed or not.

3.0 Multi-State or National issues – A brief discussion and update on the North Dakota rail rate case took place, it was decided that the council should pursue an update from the North Dakota representative at the next meeting. A brief discussion on the pending Federal Legislation occurred. Discussion focused on the intent of the legislation and where it stood in the legislative process. This discussion led into the exploration of Federal funds that may be available to aide Montana in promoting rail competition. Finally, multiple facets of the Surface Transportation Board were explored, including de facto abandonment, requiring rail trackage rights, and redefining constructive placement.

4.0 State Issues – There was no update to give on the Lewistown abandonment. Evan Barrett gave a synopsis of the Governor's meeting with the Great Falls and Helena representative of the rails to trails group. It was stated that this group agrees with the council in that any rail that can be saved should be, and that a trail should be a last resort to save the corridor. A discussion was also taken on the ability of a short line rail to run a line at decreased costs compared to a larger class one railroad. Jim Lynch gave an update on the BNSF's position on the Helena to Great Falls line, they have no intention of abandoning the line. Nancy Peterson gave an update on the BNSF rate adjustment, the analysis done on the rate adjustment concurred that rates will remain virtually the same. The council also discussed the best manner in which to take formal position on rail issues within the state. Options included going on record to BNSF and the STB with a letter stating our current position and what our position would be in case of abandonment. Options were also discussed on *de facto* abandonment's. DOT volunteered their services to research the council and states options.

5.0 Rail Service Competition Plan – The scope and focus of this plan was discussed, and it was determined that the council should not spend a significant amount of time on developing the plan, at the cost of taking action. It was also determined that more information was needed prior to determining the scope of the plan.

6.0 Set Next Meeting Date and Location – The council discussed the location of the next meeting, it was moved that the next meeting be held in Helena on the 16th of March, for the

entire day. The council felt that it was important to hold another meeting in Helena, as the meeting will continue to focus on background information and the development of the Rail Service Competition Plan as a document to drive the actions of the council.

7.0 Adjournment – Motion of adjournment made and seconded. Meeting adjourned.